



POLICY

COMMONWEALTH OF KENTUCKY
DEPARTMENT OF WORKFORCE INVESTMENT
(502) 564-7456

POLICY NAME: INTERNAL CONTROLS AND CONFLICTS OF INTEREST REQUIREMENTS FOR ENTITIES PERFORMING MULTIPLE FUNCTIONS

POLICY NUMBER: 17-002
DATE OF ISSUE: revised November 1, 2021
EFFECTIVE DATE: November 1, 2021

APPLIES/OF INTEREST TO: Local Workforce Development Board (LWDB) Members, Local Workforce Development Area (LWDA) staff, Chief Local Elected Officials (CLEOs), and Local Elected Officials (LEOs)

POINT OF CONTACT: Compliance.Unit@ky.gov

HISTORY: initially issued March 31, 2017; revised November 30, 2020; revised November 1, 2021 with clarification of reference to applicable state ethics guidelines and other minor change as clean up.

BACKGROUND: By the very nature of its composition and mission, LWDB staff and partners are predisposed to potential conflicts of interest, real or perceived, and issues related to the appearance of fairness. Therefore, it is necessary to take steps to ensure that individuals or representatives of organizations entrusted with public funds will not personally or professionally benefit from the award, administration, or expenditure of such funds.

PURPOSE: To provide guidance to LWDBs within which entities function in a variety of roles, including Fiscal Agent, One-Stop Operator and/or Career Services Provider toward maintaining the highest of standards of ethical conduct and to guard against problems arising from real, perceived, or potential conflict of interest.

POLICY: Any organization that has been selected or otherwise designated to perform more than one of the functions as a local Fiscal Agent, One-Stop Operator and/or Career Services Provider shall develop a written agreement with the LWDB and Chief Local Elected Official(s) to clarify how the organization will carry out its responsibilities.

The agreement shall include terms which demonstrate compliance with the Workforce Innovation and Opportunity Act (WIOA), (Pub. L. 113-128) and corresponding regulations, relevant Office of Management and Budget circulars, the organization's conflict of interest policies, and the Commonwealth's conflict of interest guidelines relevant to Boards and Commissions.

The written agreement shall contain terms which address conflicts of interest or the appearance of conflicts of interest, the methods used to minimize fiscal risk, and the identification of firewalls which will be implemented by a single entity performing multiple functions.

A “firewall” is an established policy or procedure that acts as a barrier or protection against an undesirable influence, outcome, or authority. Examples of firewalls include but are not limited to organizational arrangements that provide clear separation of duties and responsibilities, including confidentiality and disclosure agreements.

REFERENCE:

- Workforce Innovation and Opportunity Act (Pub. L. 113-128)
 - Workforce Innovation and Opportunity Act Final Rule (81 FR 56072)
 - Joint Rule for Unified and Combined State Plans, Performance Accountability, and the One-Stop System Joint Provisions (81 FR 5579), CFR Part 200
 - Training and Employment Guidance Letter (TEGL) 15-16.
 - Commonwealth of Kentucky Ethical Guidelines for Executive Branch Boards and Commissions
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